

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
David C. Boyd
Marshall Johnson
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition by Greater
Minnesota Gas, Inc., a Wholly Owned
Subsidiary of Greater Minnesota Synergy, Inc.,
to Establish a New Base Cost of Gas to
Coincide with the Implementation of Final
Rates in Docket No. G-022/GR-06-1148

ISSUE DATE: October 18, 2007

DOCKET NO. G-022/MR-07-1183

ORDER SETTING NEW BASE COST OF
GAS

PROCEDURAL HISTORY

On July 30, 2007, the Commission issued its Order setting final rates in Greater Minnesota Gas, Inc.'s general rate case, *In the Matter of the Application of Greater Minnesota Gas, Inc., a Wholly-Owned Subsidiary of Greater Minnesota Synergy, Inc., for Authority to Increase Rates for Natural Gas Service in the State of Minnesota*, G-022/GR-06-1148.

The July 30 rate case Order¹ required the Company to make a compliance filing showing, among other things, the effects of the decisions set forth in the Order on final rate schedules, total operating revenues, billing determinants, and the base cost of gas.

On September 5, 2007, the Company made the required compliance filing, including a filing under this docket number proposing a new base cost of gas. On September 18, 2007, the Minnesota Department of Commerce (the Department) filed comments stating that the base cost of gas filing complied with the July 30 Order and recommending approval.

On October 11, 2007, the filing came before the Commission.

FINDINGS AND CONCLUSIONS

The Company's base cost of gas filing complies with the content requirements of the July 30 Order and is substantially accurate. It will be approved with one correction.

Through inadvertence, the Company's financial schedules and Operating Income Summary fail to reflect the base cost of gas set by the Commission at the beginning of the rate case for use

¹ Order Setting Rates, Accepting and Adopting Administrative Law Judge's Recommendation and Requiring Compliance Filing.

throughout the case. In an initial Order of December 19, 2006, the Commission determined that the Company should use actual, 2006 demand costs for rate case purposes, raising gas costs by some \$9,042.00.² The Company's filing failed to incorporate this change.

Correcting this oversight yields an overall new base cost of gas of \$3,661,507 and a new per Mcf demand rate of \$0.88756, as shown on the attached financial schedule, labeled Attachment E. The Commission will therefore approve and adopt a new base cost of gas of \$3,661,507 and a new per Mcf demand rate of \$0.88756, to go into effect simultaneously with the final rates approved in the general rate case.

The Commission will so order.

ORDER

1. The Commission hereby sets the Company's new base cost of gas at \$3,661,507 and its new per Mcf demand rate at \$0.88756, effective as of the effective date of the final rates approved in docket G-022/GR-06-1148.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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² *In the Matter of the Petition by Greater Minnesota Gas, Inc., a Wholly Owned Subsidiary of Greater Minnesota Synergy, Inc., to Establish a New Base Cost of Gas to Coincide with the Implementation of Interim Rates, G-022/MR-06-1491, Order Setting New Base Cost of Gas (December 19, 2006).*

Attachment 1:
Revised 10-3-07

Greater Minnesota Gas, Inc.
Docket No. G022GR-05-114B
Compliance Filing
Base Cost of Gas

Line No.	Description	Mcf	X	Months	X	Tariff Rate	Final Test Year 2005	Per Unit of Sales	
								Firm	Interruptible
1	Capacity Costs								
2	TF-S Summer	3,000		3		\$ 5.617	\$ 50,953	\$ 0.13065	
3	TF-S Winter	3,000		6		\$ 14.878	226,640	\$ 0.61609	
4	TF-I	300		7		\$ 5.617	11,795	\$ 0.03235	
5	TFX-3	300		3		\$ 14.976	13,478	\$ 0.03897	
6	SMS Demand	50		7		\$ 2.154	784	\$ 0.00207	
7		1,300		6		\$ 2.154	22,402	\$ 0.00144	
8	Total Capacity Cost						\$ 323,623	\$ 0.88756	\$
9	Commodity Cost						3,337,884	\$ 7.98933	\$ 7.98933
10	Total Cost of Gas						3,661,507	\$ 8.57690	\$ 7.68933
11	Portfolio Management Fee						0	\$ -	\$ -
12	Cost of Purchased Gas						33,651,507	\$ 8.57690	\$ 7.68933
13	Throughput Volume Mcf								
14	Firm Sales								
15	Residential						292,034		
16	Small Commercial						12,292		
17	Commercial						13,194		
18	Medium Industrial Firm						3,321		
19	Large Industrial Firm						43,899		
20	Subtotal Firm Sales						564,620		
21	Interruptible Sales								
22	Agricultural						3,420		
23	Industrial						81,053		
24	Subtotal Interruptible						84,473		
25	Total Throughput volume Mcf						434,053		

Notes:

- 1/ Approved Interim Base Cost of Gas and Test Year Sales Volumes = Final Test Year
2/ Approved Base Cost of Gas - Docket No. G022GR-05-1491